



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

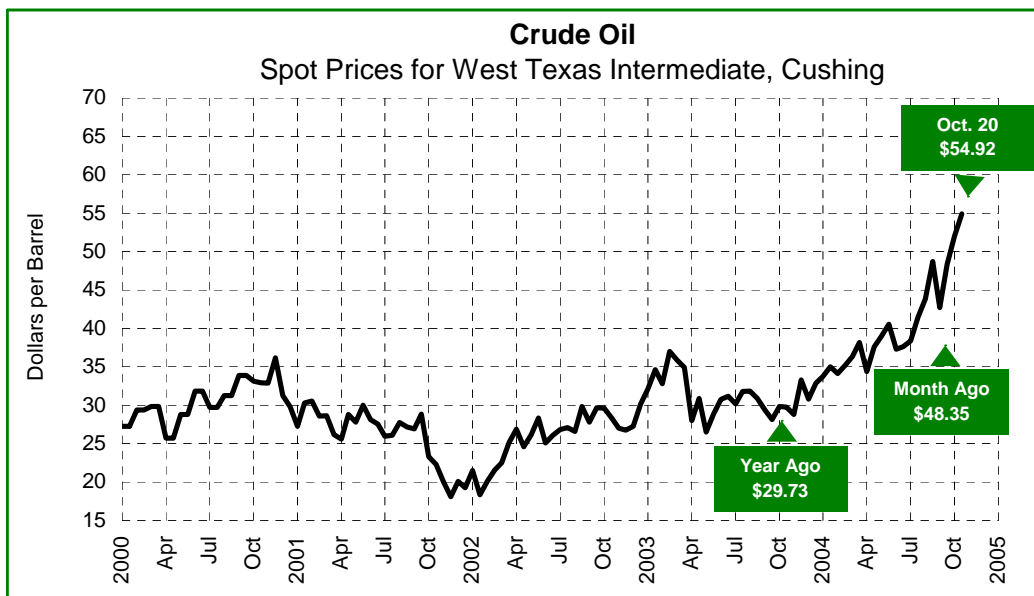
October 22, 2004

Crude Oil

On October 20, crude oil futures on the NYMEX settled at \$54.92 per barrel. Crude oil prices have remained in the \$50 per barrel range since Oct. 1.

Crude Oil - Spot Price (dollars per barrel)					
WTI	10-20-04	09-22-04	change	10-22-03	change
	\$54.92	\$48.35	up 14%	\$29.73	up 85%

- On October 20, crude oil futures on the NYMEX settled at \$54.92 per barrel in response to a larger-than-expected decline in distillates raising fears of a potential shortfall of heating oil this winter. Crude oil prices have remained in the \$50 per barrel range since Oct. 1.
- Oil and gas production remains sluggish following Hurricane Ivan. As of October 20, about a quarter of the Gulf Coast region's normal output of 1.7 million barrels per day was still shut-in due to the hurricane according to the U.S. Minerals Management Service.



- The EIA weekly petroleum report for the week ending October 15 notes U.S. commercial crude oil stocks were up 1.2 million barrels but down by over 11 million barrels compared to this time last year due to the prolonged recovery time following Hurricane Ivan.

- With total inventories at 279.4 million barrels, crude oil continues at the lower end of the 5-year supply range for this time of year, according to the EIA.
- Refiner utilization rates continue to lag at less than 90 percent of U.S. capacity, as more refineries attempt to resume normal operations following Hurricane Ivan.

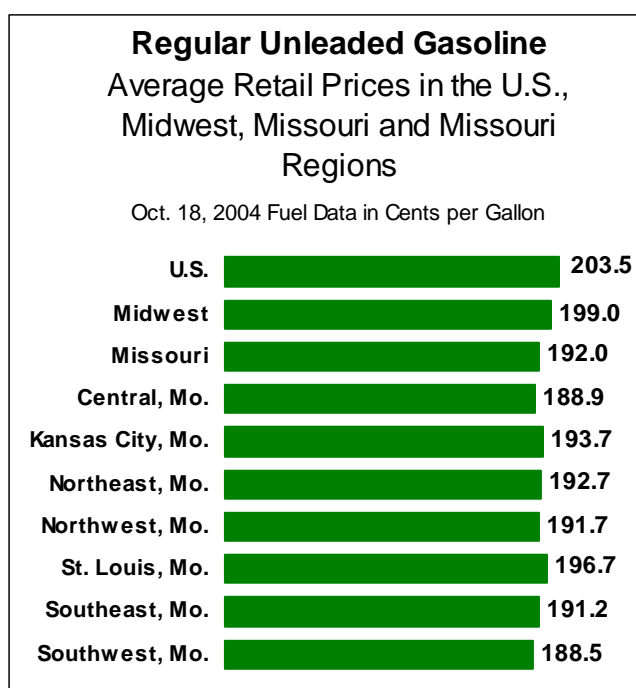
Transportation Fuels

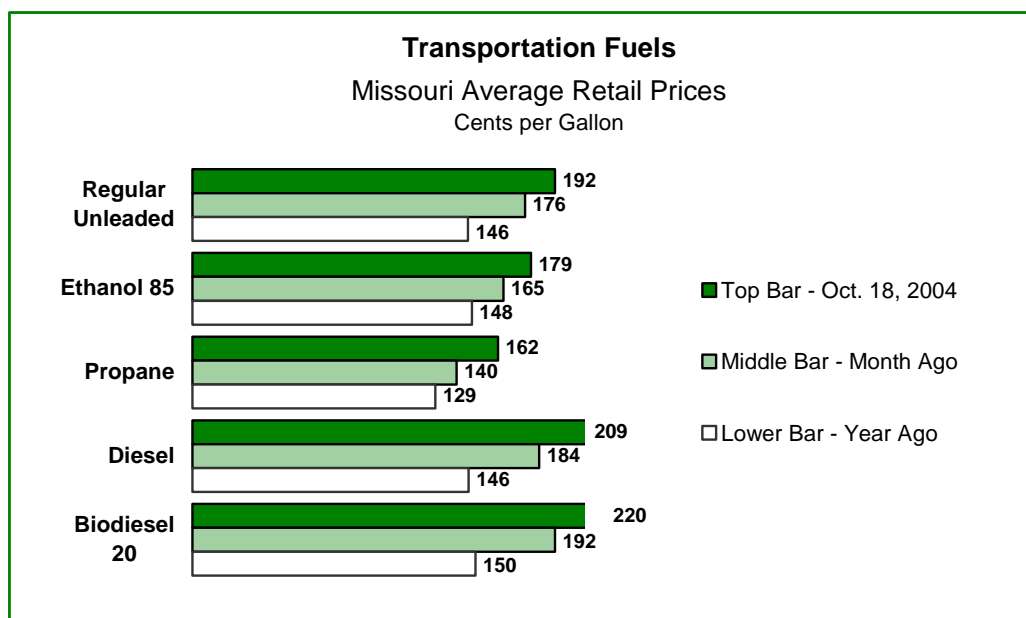
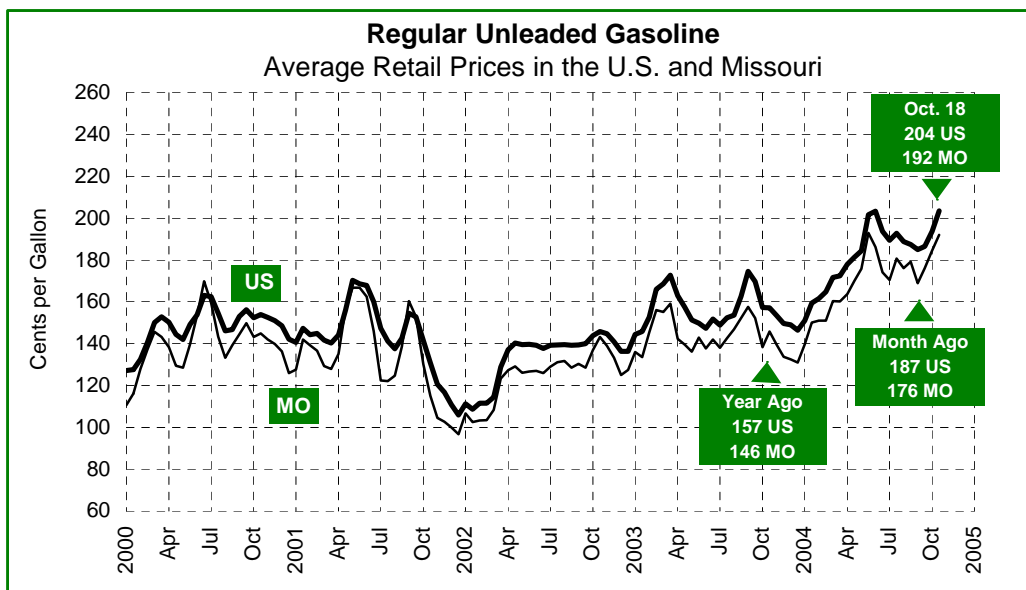
Missouri's average retail price for regular gasoline increased 16 cents per gallon from the previous month to reach \$1.92 per gallon as of Oct. 18. This is 46 cents higher than at this time last year.

<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>10-18-04</u>	<u>09-20-04</u>	<u>change</u>	<u>10-20-03</u>	<u>change</u>
US	204	187	up 9%	157	up 30%
Missouri	192	176	up 9%	146	up 32%

<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>10-18-04</u>	<u>09-20-04</u>	<u>change</u>	<u>10-20-03</u>	<u>change</u>
Missouri	209	184	up 14%	146	up 43%

- Over the last year, Missouri's average retail gasoline prices have increased 39 percent, climbing from 138 cents per gallon to 192 cents per gallon. During the last month, Missouri retail prices have increased by 16 cents per gallon, or 9 percent, in response to the rising price trends of both crude oil and gasoline prices at the NYMEX. Missouri motor gasoline retail prices peaked at nearly \$2 per gallon on May 17. Retail prices are expected to remain strong due to record prices for crude oil.





Motor Gasoline - Total Stocks (millions of barrels)					
	10-15-04	09-17-04	change	10-17-03	change
US	199.9	199.7	up 1%	196.0	up 2%

- U.S. gasoline supplies for the week ending Oct. 15 fell by 0.7 million barrels from the previous week, placing them at 199.9 million barrels, well within the 5-year average for this time of year. U.S. gasoline supplies decreased due to lower-than-normal refinery operations and temporary delays in tanker ship deliveries of gasoline due to Hurricane Ivan. Refineries are producing more distillate fuels as the nation nears the winter heating season, resulting in lower-than-normal gasoline production. Midwest gasoline supplies fell by 2 million barrels, moving from 50.3 million barrels on Oct. 8 to 48.2 million barrels on Oct. 15
- U.S. gasoline production was estimated at 8.7 million barrels per day on Oct. 15, up from 8.6 million barrels from the previous week. Imports contributed an additional 0.7 million barrels per day, but

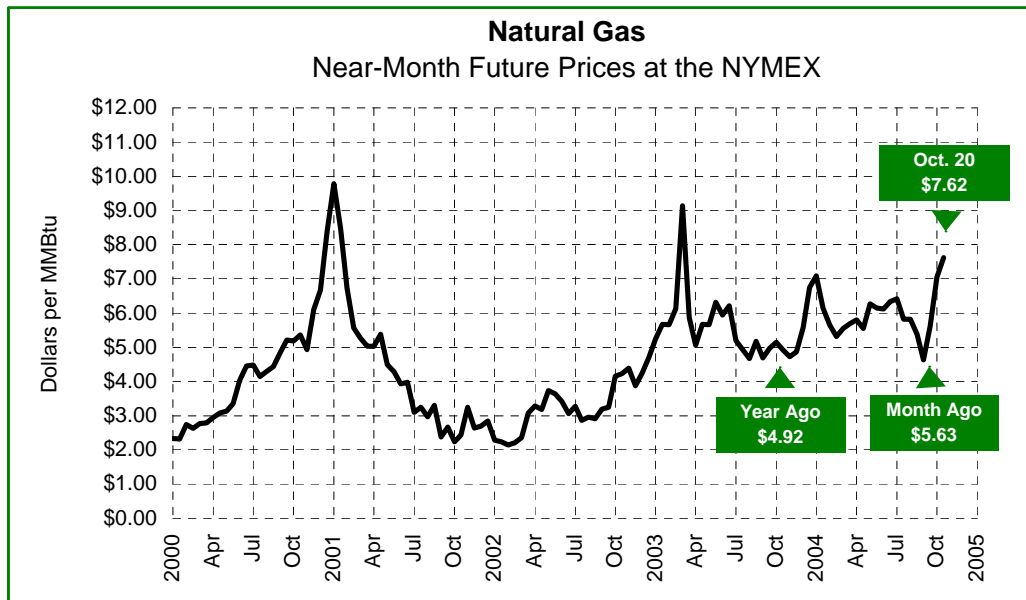
were well below the 1 million barrels per day seen for the week ending Oct. 8.

Natural Gas

Approximately 56 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On October 20, natural gas futures closed at \$7.62, an increase of \$1.99 per MMBtu since last month and \$2.70 higher than last year.

Natural Gas - Near Month Future Prices (dollars per mmbtu)					
	10-20-04	09-22-04	change	10-22-03	change
NYMEX	\$7.62	\$5.63	up 35%	\$4.92	up 55%



- Estimated U.S. working gas in underground storage was 3,223 Bcf as of Oct. 15, which is 7.4 percent above the 5-year average inventory level for the report week, according to EIA's Weekly Natural Gas Storage Report. Inventories as of Oct. 15 were estimated 221 Bcf above the 5-year average of 3,002 Bcf and 157 Bcf above last year's level of 3,066. Inventories appear to be approaching the highest level for the upcoming heating season in years, possibly exceeding the recent high of 3,254 Bcf, recorded at the beginning of the heating season in 2001. (In 1990, stocks were 3,467 Bcf at the end of October.) Inventories have improved as Gulf region production resumes normal operations and mild temperatures throughout the U.S. allowed more natural gas to be placed in storage.
- EIA projects that Midwest households may see their average winter heating bills increase by 15 percent based on natural gas prices that are expected to be 11 percent higher than last year.

Propane

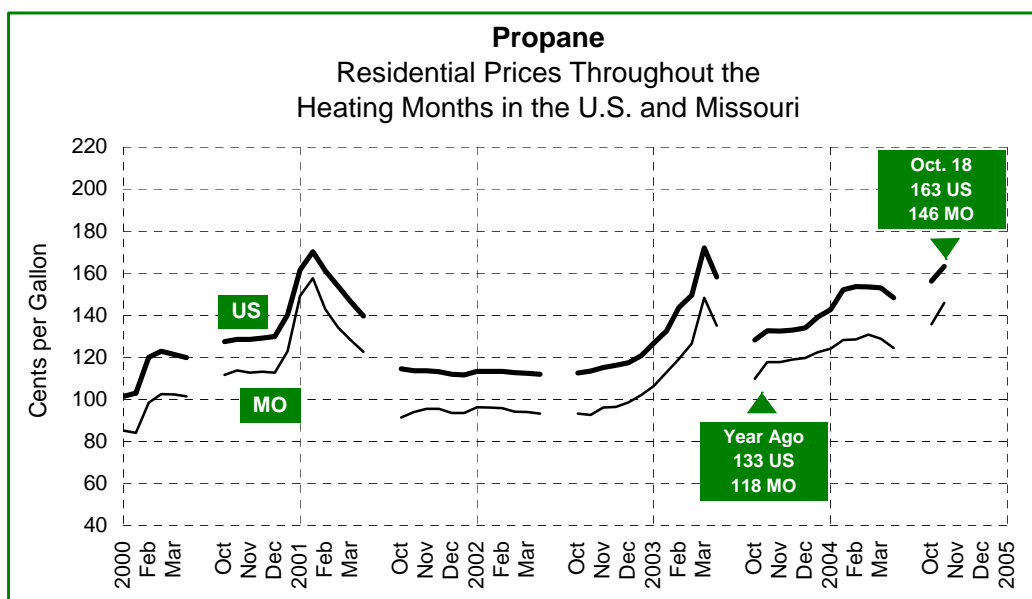
Approximately 13 percent (293,803) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

The nation's primary supply of propane stands at an estimated 68.2 million barrels as of October 15, a level nearly 2 million barrels above the same period last year.

Propane Fuel - Stocks (millions of barrels)

	<u>Oct. 15</u>	<u>month ago</u>	<u>change</u>	<u>year ago</u>	<u>change</u>
US	68.2	63.8	up 7%	66.3	up 3%

- U.S. supplies of propane posted a decline of 0.4 million barrels, placing supplies at an estimated 68.2 million barrels as of Oct. 15. Regionally, inventories in the Midwest accounted for the only weekly decline that totaled 0.6 million barrels, most likely signaling the beginning of the shift in inventories from primary storage facilities to secondary storage and distribution systems in anticipation of impending colder weather and agricultural demand for crop drying.
- NYMEX propane future prices settled at \$0.94 per gallon on Oct. 21 compared to \$0.55 this time last year (Oct. 21, 2003). Sustained crude oil prices above \$40 per barrel (the spot price for West Texas Intermediate crude oil has closed above \$40 per barrel every trading day since July 14) and more recently topping \$50 per barrel, continue to support higher propane prices.
- EIA projects that Midwest households may see their winter heating bills increase by 21 percent over last winter, based on an average price of \$1.53 per gallon with an average consumption of 914 gallons.



Energy Bulletin Update

The Energy Bulletin has an e-mail advisory service that includes an email and a direct link to the Bulletin on our web page rather than an email attachment. This service will allow our readers to have easy and timely access to a newly designed Missouri Energy Bulletin that includes easier to read summaries of price and supply information as well as colored charts and graphs. To register for this distribution service, please visit www.dnr.mo.gov/energy/transportation/e-bulletin.htm.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers.

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